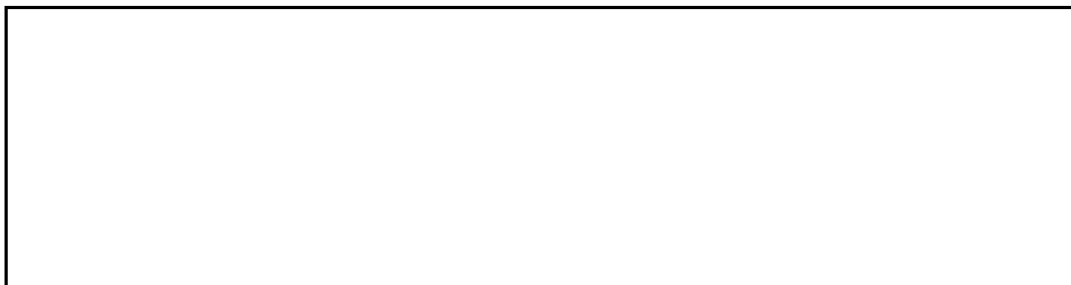


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Dispute Over Portuguese Socialist Newspaper
Revived

The reopening of the Socialist Party newspaper Republica has been delayed, reportedly until later this week, after security forces turned down Socialist conditions for the opening and gave a key to the building representatives of the Communist-dominated workers' committee.

A key was also presented to Republica's Socialist editor, who refused to enter the building while Socialist control of the paper remains in doubt. The Socialists wanted assurances that the workers would not be allowed to follow him into the building and that the 12 workers responsible for the attempted takeover of the paper nearly four weeks ago be allowed to find other jobs.

Union representatives have promised to continue disrupting the publication of Republica until they succeed in shifting the editorial policy to the left.

If the government permits the workers to assume control of Republica, the Socialists may feel compelled to pull out of the government, as they have twice threatened to do if the Armed Forces Movement did not give the paper back to them.

Security forces armed with tear gas formed a cordon around the Republica building last night, but the crowd, mostly Socialists, gave them no trouble. The troops resealed the doors overnight, but did not return to open them this morning as they had promised. Socialist leaders, who met throughout the night, had encouraged their followers to gather on the street before opening time.

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Last weekend, internal security was tightened
throughout the country

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Rumors have also been rife in Lisbon about
a marathon session the Revolutionary Council held
last weekend. Military leaders were said to be
attempting to resolve a dispute in their own ranks
over whether to abolish political parties and
over what form of socialism Portugal is to have.

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EC-Nine Ambassadors to India Consider Taking
Sides in India-Pakistan Dispute Over UN
Post

The West German ambassador in New Delhi has been pushing his fellow ambassadors from EC countries to support India's candidacy for the UN Security Council seat that will be voted on in December. The UK representative--who was probably supported by others of the EC-Nine--opposed the move, preferring to follow normal West European practice which waits for a consensus among those in the region concerned.

Although Bonn has not yet taken an official position on India's candidacy, the West German ambassador believes that support of the Nine for India would encourage a moderate Indian stance on economic issues in the UN. The West German mission at the UN is skeptical of this reasoning. The ambassador believes that Pakistan, which has also announced its candidacy for the Security Council seat, should be compensated with a seat on the UN Economic and Social Council.

In the past two years, the EC governments have increasingly sought to coordinate their foreign policy attitudes through meetings at several levels. The basic orientation of the EC-Nine toward a particular country is sometimes initially explored at the ambassadorial level in the country capital rather than through the periodic meetings in Western Europe of foreign ministry officials of the Nine.

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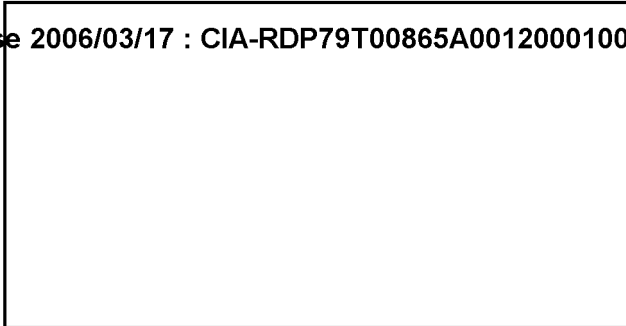
The US mission in New Delhi comments that the West German ambassador's initiative constitutes one of the rare efforts by the West Europeans to exert some political influence on the Indian government.

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Border Dams Create US-Canadian Frictions

Politicians of all stripes and the press are urging the Canadian government to resolve the controversy over the US Garrison diversion project for North Dakota irrigation. Canadian environmentalists contend that the project will turn Manitoba waters into a "sewer" of US pollutants.

Influential private and public environmentalists, including Environment Minister Jeanne Sauvé, Conservative opposition members of Parliament, and the press, are demanding action to halt the project or guarantees that Canada will sustain no damage.

Foreign Minister MacEachen has tried to calm environmentalists by citing US pledges to uphold the 1909 border treaty, which forbids pollution of each other's waters. President Ford reportedly assured Prime Minister Trudeau last December that the US intended to respect the treaty provisions, but continued construction and the release of a confidential US Bureau of Reclamation memo projecting further construction have fueled the controversy.

Trudeau has been reluctant to become involved, leaving the issue in the hands of his foreign minister, but he may soon make some reply critical of US handling of the situation, especially in view of his public goal of Canadian policy independence from the US.

Canadians fear that they will soon face a fait accompli, and blame the inaction of their own government for conceding the initiative to the US. Environmentalists are pressing for the submission of the

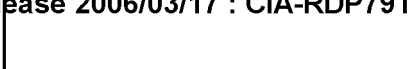
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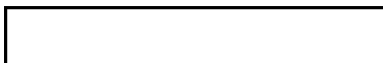
project to the International Joint Commission
and such a move appears likely, given the strong
and growing opposition to the project.

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Italian Communists Score Major Election Gains

With all the votes counted, the Italian regional elections have revealed a decisive shift to the left, marked by unprecedented gains for the Communist Party. The Christian Democrats remain number one, but just barely.

Only sketchy returns are available from provincial and municipal contests but they point in the same direction.

The parties of the left, the Communists, Socialists, and a small party to the left of the Communists obtained over 47 percent of the vote, a gain of approximately 6 percent over the 1972 parliamentary election and the regional elections of 1970.

The lion's share went to the Communists, who achieved an all time high of 33.4 percent, more than 5 percent over their 1972 performance and nearly 6 percent above their vote in 1970. Yesterday's advances by the Communists exceed any they have registered since World War II. Even in their most optimistic projections, the Communists had not expected to win more than 30 percent, a figure that assumed immense symbolic importance for them, because they never had achieved it in local elections since 1951.

In addition to their regional gains, early municipal returns suggest that the Communists have become the plurality party in some major cities including Rome, Milan, and Turin.

Unless the remaining returns increase the Christian Democrat's tally a notch, the party's

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total of 35.3 percent will have matched its postwar low in the 1946 constituent assembly election. Although the Christian Democratic losses--close to 3 percent compared with 1970 and over 3 percent against 1972--are a major blow, they are not in the range expected by pessimists in the party who feared a loss of around 5 percent.

The fact that the Communists appear to be drawing almost as many votes as the Christian Democrats, however, will overshadow that.

The Socialist Party, at 12 percent, picked up about 2 percent over its 1972 and 1970 totals. The impact of the Socialists' increase will be magnified by the fact that they are the only party in the center-left governing majority that advanced.

The losers were the parties of the right, with the Conservative Liberals (2.5 percent) continuing their steady decline and the Neo-Fascists (6.4 percent) dropping back closer to their postwar average of about 5 percent.

The left will interpret the vote as a call for change; that was the common thread in the Socialist and Communist campaigns. At the minimum, the outcome is likely to:

- Build more pressure behind Communist chief Berlinguer's proposal for an "historic compromise" designed to bring his party into the government.
- Give the Socialists a strong hand to play in their push for treatment as political equals by the Christian Democrats in the center-left coalition. The Socialists will now appear more than ever to be the only barrier to entry into the government by the Communists. Moreover, the Socialists appear to be in a position to determine whether one or possibly two additional regions, Liguria and Marche, join the red belt or remain in the center-left column.

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Both the Communists and Socialists have until now opposed an early national election. Pressures will probably increase in both parties to try to bring about such an election, however, in the hope of transplanting the regional gains to parliament.

The immediate problem for party leaders is whether to leave the two-party Moro government in place until next fall, when the Christian Democrats and Socialists have scheduled party congresses. Just prior to the balloting there seemed to be a consensus in favor of avoiding a government crisis now.

Party leaders, particularly the Socialists, now will be rethinking the matter. When the government crisis does come, it could be among the most difficult and protracted of the postwar period.

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France Swallows Bitter F-104 Replacement Pill

France has been critical of the recent decision by Belgium, the Netherlands, Norway and Denmark to buy the General Dynamic F-16, but it does not seem likely in itself to place a serious strain on French-US relations.

Since the Belgian decision, Prime Minister Chirac has, as usual, been the most forthright government spokesman; declaring that France deplored these decisions which were "profoundly regrettable for the future of Europe." Pointing to the "contradictions" between declarations of intent by countries like Belgium and the decisions taken, the French prime minister questioned whether European leaders wished to develop a European aircraft industry.

President Giscard, who had earlier announced that he would have "serious doubts about the European capacity to build a united Europe" if the F-16 should be chosen by Belgium, has remained diplomatically silent since the Belgian decision, contenting himself with the remark that it was just another commercial competition.

French press reaction has been predictably jingoistic. The Gaullist publication, La Lettre de la Nation, portrayed the decision as a revelation of true Atlanticist colors and an attempt to make France pay for its desire to remain independent. According to the moderately rightist Le Figaro, "once again the threat of withdrawing US troops from the European theater has produced results...four European nations have just withdrawn a little from Europe." The Communist L'Humanite used the issue to illustrate the perfidy of Giscard's attempts to build a Europe that could stand

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as a third force between the US and the USSR. An editorial in the left-of-center independent Le Monde accused the three EC members in the consortium of turning their backs on Europe because of US pressure, although the newspaper's respected defense specialist, Jacques Isnard, in a more reflective and balanced article pointed to French ambiguities concerning NATO and a European defense program.

Ironically, the most telling retort to the French accusations has come from one of the strongest proponents of the Mirage. Beleaguered Belgian Defense Minister Vanden Boeynants caustically commented, "Why is France only European in armaments matters?"

There is ample evidence that despite earlier dire predictions the loss of the contract will not be crippling to the French aviation industry, or, even to the producers of the Mirage series, Dassault. Without selling one Mirage F1-E, Dassault has orders and options on hand that will keep the productions running at its current level at least through 1977. There are no indications of pending layoffs because of the consortium decision.

The US embassy in Paris reports that conversations with governmental and political leaders have not revealed any important strains developing in French-US relations over this issue. The loss of the sale to the US does rankle, however, and in conjunction with other issues--such as the controversy over the Anglo-French Concorde's landing rights in the US, and the recent allegation that the CIA was involved in plots to assassinate Charles de Gaulle--it could lead to serious strains.

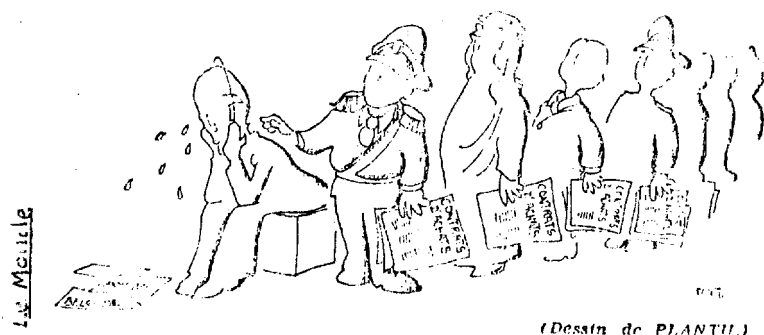
The question now is whether the setback will force France to consider more serious cooperation with the rest of Europe in order

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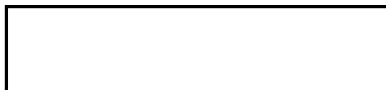
to prevent further US encroachment. The day after Belgium announced its decision, Chirac declared that France would soon propose to her EC partners the joint construction of a new passenger aircraft. Prospects for future cooperation would be more promising, if for example, France dropped plans for a Super-Mirage and decided to participate instead in the rival joint British-West German-Italian Multi-Role Combat Aircraft. So far, Paris has continued to show little interest in the joint project.



Third World countries line up with arms contracts to console Giscard over the loss of the F-104 replacement sale to Belgium and the Netherlands.

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UN Discusses Future Status of Pacific Islands

Pressures are mounting on the US to show results in preparing the inhabitants of Micronesia for eventual self-government.

At the recently concluded session of the UN Trusteeship Council, a number of participants said they were dissatisfied with the pace of economic development and progress toward self-government in the three island groups--the Carolines, Marianas and Marshalls--administered for the UN by the US as a strategic trust territory.

The Marianas group wishes to become a commonwealth of the US when the US trusteeship over the islands is terminated in the early 1980s, instead of the free association compact currently planned by the other two archipelagos. This splitting up of the trust territory, although now implicitly accepted by the Trusteeship Council, has been criticized particularly by the Soviets who question possible US strategic intentions in the area.

The Marianas voted overwhelmingly today to accept the commonwealth status that has been negotiated with the US. The Trusteeship Council has sent a mission composed of three of its members to observe the referendum.

The focus of UN deliberations on the US trusteeship has so far remained within the Trusteeship Council. Papua New Guinea is expected to receive its independence

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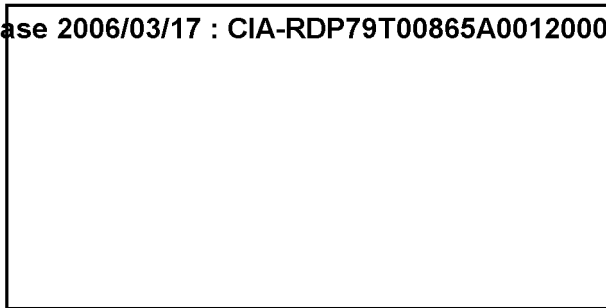
from Australia later this year, and this will leave the US-administered territories the last remaining trusteeship. It may thus offer an increasingly attractive propaganda target in other, more political, UN forums such as the Decolonization Committee and the Committee on the Elimination of Racial Discrimination.

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Ankara Allows Thirty-Day Grace Period on
US Bases

The Turkish government delivered a note to the US embassy in Ankara today outlining its position on existing bilateral agreements with the US concerning common defense installations. The note in effect provides a 30-day grace period--until July 17--for the US to lift its embargo. If action is not taken during this time, Ankara will consider its agreement with the US on military facilities no longer in force. Negotiations will then be necessary for new agreements that will reflect the changed relationship.

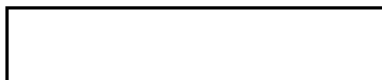
Foreign Minister Caglayangil told the press that while the grace period provides time for the embargo to be lifted, Turkish officials in Washington have taken soundings and are not optimistic. Caglayangil confirmed that the status of US bases would remain unchanged during the 30-day period.

The Foreign Minister noted, however, that once discussions begin--at the "expert" level--US installations will be brought under a provisional status. Caglayangil said this provisional framework will determine which installations will continue to operate, implying that some US bases may be closed pending the outcome of the negotiations.

Today's note marks considerable backtracking by Ankara from earlier hints that Prime Minister Demirel was prepared to take strong retaliatory

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action and might even consider withdrawal from NATO's military structure. These threats were probably designed to bring pressure on the US to change its policy on the arms embargo and to build up Demirel in his role as defender of Turkey's national interests. Ankara is clearly still reluctant to sever military ties with the US.

The note made no reference to NATO, and a subsequent public statement by the Turkish foreign minister emphasized that whatever the ultimate decision on the arms embargo and US facilities, the Turks will try to avoid any serious repercussions in their relations with the US on other matters. Within a few hours after the foreign minister's statement, opposition leader Bulent Ecevit issued a press release criticizing the softness of the government's response to the arms embargo. [REDACTED]

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